10/31/83
C5150-2

℞ Rxmen condemn vendor-to-consumer sales–p. 29

MERCHANDISER
Special reports: Ethnic products—p. 49;
Drug wholesalers—p. 61

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DRUG STORE NEWS

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Pay'n Save to open no-frills 'warehouse'

Pay 'n Save's Wholesale Price Savers Club is in the bare-bones tradition of San Diego's Price Club chain; one of the units is pictured above.

By Mike Dunn

SEATTLE—Pay 'n Save will launch early in 1984 the first of a chain of huge cash-and-carry wholesale warehouses catering to small businesses and select groups.

The 100,000-sq.-ft. deep-discount operation, called Price Savers Wholesale Club, will open in Salt Lake City. Sites are also being considered in Seattle and Tacoma, Wash., and in Honolulu and Anchorage.

Although the new high-volume venture will be located in Skaggs' heartland, competition will not be head to head. The Price Savers Wholesale Club will not contain a pharmacy or sell OTC products. However, a small selection of vitamins and health and beauty aids will be carried.

The new unit will concentrate on major appliances, housewares, hardware, tools, sporting goods, seasonal merchandise, tobacco products, baby needs, plants, stationery and office supplies, books and food products. Most products will be bought direct from manufacturers.

Calvin Hendricks, vice chairman of the Pay 'n Save board of directors, said the Price Savers Wholesale Club will not be competing against Skaggs because of the different product mix and because the buying club will be selling to a dissimilar type of consumer.

"Many of our customers will be other businesses. We will act like a wholesaler," he said.

But the store also is expected to draw the ordinary consumer who belongs to a group. "We believe the warehouse concept of merchandising offers a formula that will be readily accepted and appreciated by the cost-conscious consumer," said M. Lamont Bean, Pay 'n Save chairman.

Bean said the merchandising concepts at the new division

Continued on page 77

Walgreens sales hit $2.4B

DEERFIELD, Ill.—Cost control measures to improve productivity coupled with a 24.7% jump in pharmacy sales in the drug store division helped the Walgreen Co. produce another year of record sales and earnings.

For fiscal 1983, ended Aug. 31, sales rose 15.7% to $2.4 billion, up from the $2 billion registered last year—the first year the chain cracked the $2 billion mark. LIFO-adjusted earnings increased 24.5% to a record $69.8 million. Fully diluted earnings per share rose 44¢ to $2.27.

Charles R. Walgreen III, chairman of the company, reported that Walgreens' recent earnings are double the earnings of just three years ago. "Over the last five years," he added, "earnings have realized a compound growth rate of 24%."

Fourth-quarter sales reached $594.7 million, a 15.5%

Continued on page 77

Eckerd methaqualone ban shrinks Rx crime

CLEARWATER, Fla.—Eckerd Drug Co. has experienced a 40% drop in pharmacy thefts and robberies since banning the sale of methaqualone 18 months ago, according to Stewart Turley, chairman and president of the Jack Eckerd Corp.

In urging national legislation to prohibit the manufacture and distribution of the much-abused depressant drug, Turley told a House subcommittee that pharmacy-related crime had declined from 30% of the chain's crime in January 1982 to 18% now.

"While we have instituted several programs to make our pharmacies more secure and provide greater safety to our employees," Turley said, "we believe that the elimination of methaqualone has made an important contribution."

The Eckerd chief exec told representatives considering measures to ban methaqualone that the chain had stopped dispensing the drug primarily to focus greater public attention on the severe abuse problem in many major metropolitan markets, including some of those in which Eckerd operates.

"Numerous accidents, injuries and deaths can be directly linked to the use of methaqualone, either alone or with al-

Continued on page 77

Revco: New exec roles set stage for growth

TWINSBURG, Ohio—Two top-level managers at Revco Drug Stores have received expanded assignments as the chain gears up for what is expected to be one of its largest growth years ever.

Marc Dworkin, 37, formerly senior vice president for marketing, has been named executive vp for operations and marketing, a new position embracing the operations, purchasing, distribution, security, marketing and merchandising departments.

R. Carroll Hudson, 55, executive vp and chief financial officer, has been named executive vp for administration and finance. He will continue to serve as chief financial officer.

Both executives will report to Revco chairman, president and ceo Sidney Dworkin, who in announcing the appointments, said, "These moves are aimed at ensuring the continuation of a strong and efficient management organization to accommodate [our] growth plans. Strengthening and broadening our management base is essential for our progress."

Now in his 15th year with Revco, Marc Dworkin joined the company following his grad-

Continued on page 78

Pay Less debuts smaller prototype in Calif.

MARTINEZ, Calif.—Pay Less has opened the first of its new smaller prototype stores in the chain's 72-unit California division.

The 29,000-sq.-ft. prototype, introduced first in Oregon, has been reduced from the chain's 34,000-sq.-ft. model in an effort to lower occupancy costs at a time of rapidly rising land and construction costs.

To compensate for the decrease in square footage, Pay Less has raised the gondola height on the wall and on one side of the store (cameras, sporting goods, hardware, paint and electrical supplies) to 72 in. On the other side of the store (pharmacy and health and beauty aids) gondolas are not 60 to 66 in. in height. The purposes

Continued on page 77

The new PayLess prototype in Martinez, Calif., features a fabric section at the rear of the store and well-marked departments. Opening week promos included numerous giveaways (right).

—News in brief—

NWDA sets management seminars

MAUI, Hawaii—The National Wholesale Druggists Association (NWDA) will present a series of management seminars on Monday, Oct. 24.

The seminars, which are a part of the NWDA's annual meeting in Maui, Hawaii, will include an evaluation of third-party programs, a report on innovations in home health care, an update on the status of corporate physical fitness programs and a session on attracting and retaining key management personnel. In addition, there will be a one-time seminar on communications.

The seminars will begin at 8:15 and will be repeated once at 10:15 a.m. They will conclude at noon.

Representatives from more than 50 of the nation's leading drug wholesalers are expected to attend the meeting which begins Oct. 22.

Drug store sales rise 10.5%

WASHINGTON—Drug and proprietary store sales increased a healthy 10.5% to $3.55 billion in September, up from $3.213 billion in August, according to advance unadjusted figures from the U.S. Commerce Department.

The advance September 1983 sales figure was 24.2% better than the $2.86 billion reported for September 1982.

Drug and proprietary sales in September 1983 outperformed the entire retail industry, according to the Commerce Department figures.

Best Buy plans more combos

WEST PALM BEACH, Fla.—Best Buy Drugs Inc. is planning to raise $1 million in a public stock offering to fund its continuing conversion of drug stores into mini food and drug combination stores. Money raised from the offering, which is being underwritten by Helfer Broughton Inc., also will be used for expansion.

Best Buy operates nine units in the 7,500- to 8,000-sq.-ft. range. Two more stores are scheduled to open by February 1984. Eight of the nine existing units have pharmacies.

Deep-discount Super D to open

MEMPHIS—The Super D division of Malone & Hyde will open its first deep-discount drug store next year in Memphis, where Revco has already opened a deep-discount unit. Don Lasseter, president of Super D, said Tom Hanemann, sr. vp and general manager of the drug division, will oversee the new venture. Bob Billings, who had been vp of marketing, will become director of operations for Super D.

Malone & Hyde acquires 13 Auto Shacks

MEMPHIS—Malone & Hyde Inc., which operates and franchises Super D and other drug stores, has signed an agreement to acquire Auto Shack Inc., a company that has 13 retail auto parts stores in the Phoenix area. The transaction involves a tax-free exchange of Auto Shack shares for an undisclosed number of Malone & Hyde shares. Malone & Hyde also operates 121 Auto Shack stores in seven mid-South states that have been developed internally and is opening new auto parts stores at the rate of one a week.

Group acquires Nature's Organics

PARAMUS, N.J.—The financially ailing Nature's Organics Plus was recently purchased by a private group of investors headed by William Weiss and Harvey Polly, two of the principals of Helena Rubinstein.

Under the terms of the agreement (for an undisclosed sum) Polly becomes president of Nature's Organics. The offices will remain here and all marketing and sales will be handled by DeKama Associates, a newly formed company directed by Joe DeKama, former president of Nature's Organics.

3 join Medicare-Glaser board

ST. LOUIS—Harlan Steinbaum, president of Medicare-Glaser Corp., has announced that the following individuals have been elected to the company's board of directors: Landon Y. Jones, Stanley M. Rosenblum and Stuart L. Bascomb.

In this issue

Classified	76	Pharmacy	19
Financial	9	Cosmetically speaking	59
Merchandise news	71		

SPECIAL FEATURES

An updated look highlights remodeled Carls 11
House Dems move to hike min. wage to $4.15/hour 22
Special Rx report: antiarthritic drugs 36

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Vol. 5, No. 23 October 31, 1983

Buyers greet H&BA items at N.Y. Assoc./Affil. show

NEW YORK—Drug retailers attending the Affiliated Drug Stores and Associated Chain Drug Stores fall buying shows reacted with enthusiasm to the new H&BA and cosmetics products unveiled by some of the major vendors.

While some retailers seemed genuinely impressed with the new products introduced by such heavyweight companies as Revlon and L'Oreal, it was the multimillion dollar advertising campaigns that will support the new entries that sold most of the buyers at the shows.

Both Revlon and L'Oreal will debut new hair care products in January. L'Oreal will launch Free Hold Styling Mousse, a hair styling product that was successfully introduced in Europe this year. The product, which made substantial inroads in the English hair styling and conditioning market, will be backed with an $11 million advertising budget during the first three months of 1984, according to Joseph Lambia of L'Oreal.

Revlon will kick off a major advertising blitz to help assure the success of its new shampoo entry, HDR. Sources familiar with Revlon's marketing strategy say that the company is shooting for a 4% share of the shampoo market.

Most buyers agreed with Helen James, cosemtics buyer for Hook Drug, the Indianapolis, Ind.-based chain. "They (the new products) sound exciting because they are going to spend all kinds of money on it," said James.

In addition to some of the new products coming out next year, drug retailers at the shows expressed interest in a number of other categories including a line of Hispanic H&BA products, budget cosmetics and a number of housewares and summer seasonal items.

Larry Pallini, executive vp of sales at Pavion Ltd., which markets a line of budget cosmetics under the name Wet 'n Wild, said that he sees some of the resistance among drug chains to carry budget cosmet-

Continued on page 78

Court rules consumers not misled by 'gray market' shipping methods

WASHINGTON—Imports of so-called "gray market" merchandise are not likely to create confusion among consumers, a Federal appeals court in New York ruled earlier this month.

The decision, a key defeat for multinational manufacturers pressing for new restrictions on foreign supply sources of United States drug chains, figures to complicate Treasury Department plans to issue controversial regulations banning "gray market" shipments. Eckerd and Revco are among the giant retailers that are rigorously resisting such a ban.

The New York ruling parallels a Florida Federal court decision earlier this year permitting a group of Miami fragrance distributors to continue purchasing perfumes overseas for sale in this country despite objections raised by the foreign manufacturer's United States subsidiary.

In that case the Miami Federal judge rejected the manufacturer's request for an injunction against such transshipments, ruling that there is no evidence that the "public is being harmed" by gray market transactions.

In the more recent New York case, the trial court initially ruled in favor of a major Japanese camera supplier, concluding that unauthorized imports of Mamiya photographic equipment by a Brooklyn camera wholesaler violated the Federal trademark law.

According to the initial district court ruling, the wholesaler's unauthorized imports of legitimate, Mamiya cameras could lead to "a substantial likelihood of confusion" among consumers.

The appeals court, however, lifted the district court's gray market injunction against further imports by the wholesaler, ruling that the manufacturer "has not shown that the sale of the subject camera equipment by another distributor is likely to cause any consumer to be misled about the product he or she purchases."

Although both the Florida and New York court actions

Continued on page 77

William Schallert (left) relaxes between takes of Arbor TV filming.

Arbor store becomes set for TV ads

TROY, Mich.—Arbor Drug has hit the highly competitive Detroit-area market with a series of five TV commercials featuring actor William Schallert as chain spokesman.

Schallert, who is best known for his role as the father on the Patty Duke Show, filmed the series of commercials for the 34-store chain on the topics of generic drugs, Arbortech (Arbor's pharmacy computer system), the 2-for-1 photo offer and Christmas.

The 30-second spots, airing during all hours of the day, are reaching shoppers in all six of the major Detroit area counties consisting of about 9.7 million consumers.

According to David Mazur, account executive for Kolon, Bittker & Desmond Inc., the advertising agency that devised the ads, Arbor wanted a spokesman who "was recognizable by any age group, but not such a big star that he could, in a sense, overshadow the store. Schallert is perfect because most people know that they recognize his face . . . but they don't know from where."

Arbor first started TV advertising last fall with a "Welcome to Arbor" awareness campaign. According to Mazur, with Arbor's increasing store count, the cost per thousand is "well worth" putting the message on TV.

In the Michigan area, Perry—the No. 1 chain by market share—is the heaviest TV advertiser. Other contenders on TV include Revco and Meijers Thrifty Acres. Although Mazur would not release Arbor's ad budget, he did note that it is a "large sum" that will probably make Arbor the second-largest chain drug television advertiser in the market.

FINANCIAL

Over same qtr. last year

Rite Aid income increases 17.5%

SHIREMANSTOWN, Pa.—Net income at Rite Aid for the quarter ended Aug. 27 increased 17.5% to $12.6 million, up from $10.7 million for the comparable quarter last year.

Sales for the quarter increased 15.7% to $349.7 million from $302.1 million. Earnings per share for the quarter were 60¢, up from 51¢.

For the first two quarters, net income advanced 16.3% to $24 million from $20.2 million for the equivalent period last year.

Sales for the two quarters ended Aug. 27 were $694.3 million, up 16.3% from $596.6 million for the same year-earlier period.

Year-ago share earnings were adjusted to reflect a 3-for-2 stock split paid in January.

Alex Grass, president and chairman of Rite Aid, attributed the increases to the continuing strength of prescription and health and beauty aids sales.

Study sees whopping 4-year sales gain

NEW YORK—Drug and proprietary stores are expected to generate $55.2 billion per year in annual sales by 1986, according to retailing study by Dun & Bradstreet Credit Services.

The U.S. Commerce Department reported sales in the category last year were $35.85 billion.

For the four-year period from 1983 to 1986, the study predicts sales will total $172.3 billion.

Overall retail sales are expected to increase to $1.2 trillion this year, up 9% from 1982, according to the study.

Annual gains of 10%, 10% and 11% are expected to bring total retail sales to $1.6 trillion in 1986.

The study divides retailing into 13 areas ranging from drug and proprietary stores to consumer electronics, hobbies, building materials and auto parts stores. Entitled "Retailing for 1980's—A Strategic and Financial Analysis," the study is designed to enable executives to measure their company's performance.

Rx leads Peoples to 15% sales rise

ALEXANDRIA, Va.—Sheldon W. Fantle, president and ceo of Peoples Drug Stores, said sales for the chain increased 15% for the year ended Sept. 24.

"Significantly," Fantle told a meeting of security analysts here, "comparable store sales rose 12%."

Fantle said the performance reflected "our strong pharmacy operations, which now account for 25% of total sales and the growth in our seasonal and promotional merchandise."

Another important factor, according to the chief executive, was the consolidation program in Indiana under which all Haag stores were brought under the Peoples logo and merchandising format.

Fantle said early indications were that earnings results for the year would be "quite positive."

Peoples wound up the year with 575 stores in 13 states and the District of Columbia.

Fay's declares 3.5¢ dividend

LIVERPOOL, N.Y.—A quarterly cash dividend of 3.5¢ per share was declared by the board of directors of Fay's Drug Co. The dividend reflects the 2-for-1 stock split distributed Sept. 2, and is therefore comparable to the 7¢ per-share dividend paid in the prior quarter. The dividend will be paid Oct. 14 to shareholders of record as of Oct. 5.

Genovese rises 13.4% to lead chain drug stocks

Name	Symbol	STOCK PRICE 9/23/83—10/10/83 High	Low	Close	Change Amt.	Change Pct.	52-Week High	52-Week Low	TREND TO MARKET Price Trend (% per day) Last 30 Days	Price Trend Last 5 Days	Volume Trend (% per day) Last 30 Days	Volume Trend Last 5 Days	EARNINGS/SHARE Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change Amt.	Change Pct.	5-Year Annual Growth Rate	Profit Margin	P/E Latest P/E Ratio	DIVIDENDS Indicated Dvd. Rate Amt.	Yield	Last X-Dvd. Date	FINANCIAL POSITION Last Fiscal Year Revenue	Earnings	Current Ratio	Last Fiscal Year (Per Share) Long Term Debt	Common Stock Equity	Last Balance Sheet Date
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Chain Store transactions																											
Adams Drug	ADG	23.25	21.13	23.00	1.63	7.60	23.25	6.00	.50	-.20	.35	.62	1.12	.36 S	41.3	17.0	1.6	18.7	.04	.2	09-09-83	286.2	4.6	2.8	8.00	9.74	1282
Am Stores	ASC	43.63	37.50	43.50	3.00	7.41	43.63	18.72	.56	2.56	3.21	-20.40	2.69	.85 S	37.6	45.0	1.2	14.0	.48	1.1	09-20-83	7507.8	90.4	1.4	11.95	12.14	0183
Begley Drug	BGLY	22.00	22.00	22.00	.00	.00	24.00	9.50	-.01	-.86	.13	.00	1.47	1.52 Q	NC	-11.0	1.4	14.5	.68	3.1	07-14-83	56.8	.8	1.8	11.50	17.52	0383
Big B	BIGB	14.50	12.88	12.88	-.88	-6.36	14.50	5.06	.23	-2.66	1.76	-19.42	.39	.09 S	25.7	25.0	2.9	29.3	.00	.0	09-21-83	87.4	2.5	2.5	.21	3.36	1282
Dart Drug Corp	DRUGA	81.00	73.00	78.00	5.00	6.85	148.00	19.25	.04	-.45	-8.28	3.85	5.43	5.52 S	203.6	133.0	3.1	9.5	.13	.2	09-02-83	291.8	9.1	2.0	12.01	28.91	0183
Eckerd, Jack	ECK	27.88	25.63	27.50	1.63	6.28	34.88	22.88	.27	-.57	2.15	-27.36	1.91	.01 F	.5	6.0	3.1	14.4	.96	3.5	08-08-83	2325.0	71.7	2.3	.35	14.19	0782
Fays Drug	FAY	12.25	11.50	12.00	.25	2.13	12.88	3.91	.35	-.39	-4.92	7.51	.48	.17 S	48.5	34.0	2.0	23.1	.16	1.3	09-06-83	270.3	5.5	2.0	2.17	2.23	0183
Genovese Drug	GDX	13.75	11.75	13.25	1.56	13.37	13.75	4.19	.61	.48	.66	27.81	.67	.25 S	47.1	33.0	1.6	17.0	.16	1.2	10-06-83	158.7	2.6	1.7	1.90	4.95	0183
Hook Drugs	HOOK	26.50	25.25	25.50	-1.00	-3.77	29.75	14.19	-.10	-.94	2.47	-49.40	1.52	.72 S	57.6	9.0	2.3	12.9	1.00	3.9	10-07-83	285.2	6.6	1.7	2.86	9.37	1262
Longs Drg Strs	LDG	45.63	43.25	44.13	-.88	-1.94	50.13	33.75	.06	-.44	-1.91	2.81	2.92	.30 S	10.4	10.0	2.8	14.0	1.12	2.5	08-24-83	1123.2	30.9	1.8	.00	18.76	0183
Pay N Save	PAYN	26.13	22.75	25.75	-.13	-.48	27.25	12.06	-.11	1.51	-1.65	11.20	1.52	.77 S	66.3	2.0	1.6	13.3	.56	2.2	08-15-83	1043.2	16.8	2.3	17.01	14.32	0183
Pay Less NW	PAY	19.63	17.50	17.88	-1.38	-7.14	20.19	11.13	.16	-2.23	3.04	36.13	1.07	.16 S	16.3	-1.0	2.5	15.7	.28	1.6	07-22-83	784.7	19.4	2.0	5.26	6.07	0183
Peoples Drug	PDG	29.38	27.63	29.13	.88	3.10	31.75	13.75	-.18	-.02	1.04	13.22	1.39	.36 N	27.0	22.0	1.5	17.2	.28	1.0	07-11-83	688.4	10.5	1.9	4.97	10.08	0982
Perry Drug	PDS	19.88	17.63	19.75	1.38	7.48	[illegible]	6.50	.17	2.15	.19	15.39	.73	.08 N	10.3	4.0	1.2	23.2	.20	1.0	08-15-83	244.3	2.9	1.9	6.04	6.50	1082
Revco Drug	RDS	36.25	33.25	35.75	2.25	6.72	36.25	25.09	.36	-.30	-.91	-3.22	2.13	.53 Q	31.3	25.0	3.7	16.1	.68	1.9	08-22-83	1792.8	66.5	2.5	1.33	11.59	0583
Rite Aid Corp	RAD	41.50	38.00	41.50	2.00	5.06	44.75	28.19	.05	.98	-1.10	-15.96	2.37	.52 S	25.6	27.0	3.9	16.3	.64	1.5	07-12-83	1294.7	49.9	1.7	1.17	12.38	0283
Thrifty Cp	TFD	20.50	18.13	20.13	2.25	12.59	25.25	7.88	.09	.89	.52	33.88	.92	.18 N	20.6	18.0	1.6	19.2	.46	2.3	08-04-83	1126.2	18.3	1.5	5.62	6.14	0882
Walgreen Co	WAG	37.38	34.00	37.38	2.88	8.33	38.13	22.31	.01	1.23	3.34	17.96	1.83	.50 N	32.2	29.0	2.8	18.2	.60	1.6	08-15-83	2039.5	56.1	1.5	1.79	9.81	0882
Wholesaler's transactions																											
Bergen Bruns	BBCA	31.25	27.25	31.25	1.25	4.17	39.50	21.91	-.16	1.25	-1.00	-.98	1.60	.25 F	18.5	49.0	1.4	19.5	.32	1.0	07-26-83	1452.0	20.0	1.7	4.09	7.72	0882
McKesson Cp	MCK	43.13	40.00	40.50	-1.25	-2.99	51.00	37.75	-.23	-1.12	.06	-.91	3.44	-.17 Q	-4.5	6.0	1.6	11.5	2.40	5.9	08-26-83	4053.7	63.2	1.6	15.78	29.70	0383
Foxmeyer Cp	FOXM	27.25	25.75	25.75	-1.75	-6.36	28.50	23.75	.05	-1.41	4.24	54.44	.94	1.06 Q	NC	970.0	.7	24.3	.00	.0	00-00-00	351.1	2.3	2.2	15.38	3.87	0383
Ketchum	KCH	16.38	15.00	15.75	.59	3.92	17.81	3.69	.35	-1.38	-1.50	21.43	.89	.48 Q	111.6	258.0	.4	17.3	.00	.0	09-26-83	211.4	.9	1.5	5.87	5.68	0483
Owens & Minor	OBOD	18.00	17.38	17.75	-.75	-4.05	19.25	12.25	.62	-1.13	-1.44	-13.61	.77	-.02 S	-1.6	3.0	.7	15.2	.32	1.8	08-17-83	211.4	1.5	2.8	10.55	9.76	1282
Spectro Indus	SPO	23.38	21.88	22.00	.38	1.73	28.75	13.25	.12	-1.34	-.28	-33.51	1.35	.35 Q	33.3	53.0	1.6	15.7	.14	.6	09-19-83	339.1	5.4	1.7	2.86	7.24	0383
Manufacturer's transactions																											
Abbott Labs	ABT	53.38	48.13	53.00	2.50	4.95	53.38	34.25	.19	.94	1.31	25.86	2.37	.42 S	19.3	27.0	11.1	20.5	1.00	1.9	10-07-83	2602.4	289.1	1.3	1.56	10.74	1282
Am Home Prod	AHP	52.00	48.13	51.88	3.13	6.41	52.25	41.75	.27	.69	1.21	14.90	3.59	.36 S	10.5	16.0	12.2	13.8	2.40	4.6	08-08-83	4582.1	560.1	2.7	.00	11.83	1282
Baxter Travenol	BAX	61.50	58.00	59.88	-.75	-1.24	62.63	43.50	-.07	-.19	-.22	5.27	2.44	.53 S	24.4	26.0	11.2	22.2	.56	.9	09-02-83	1671.4	186.9	2.0	2.36	15.04	1282
Block Drugs Co	BLOCA	29.50	28.00	28.00	-1.50	-5.08	35.50	18.13	.05	-.85	-.46	-14.09	2.93	.38 Q	14.4	14.0	9.7	9.3	1.00	3.6	08-26-83	219.0	21.3	2.5	2.42	18.37	0383
Bristol-Myers	BMY	46.75	40.75	46.25	3.50	8.19	46.75	31.19	.72	.47	2.04	-7.23	2.59	.32 S	13.0	18.0	9.7	16.7	1.20	2.6	10-03-83	3599.9	348.7	2.3	.84	12.68	1282
Carter-Wallace	CAR	22.00	19.50	20.50	-1.13	-5.20	29.00	15.25	-.43	-.43	-1.40	-11.85	2.12	.53 Q	32.9	39.0	5.7	9.6	.44	2.1	08-01-83	289.9	16.5	2.6	1.57	20.15	0383
Cooper Labs	COO	40.75	36.25	38.13	-1.63	-4.09	49.00	17.50	.37	-.76	.53	12.47	.85	.49 N	58.3	22.0	3.4	28.7	.40	1.0	09-09-83	363.2	12.3	2.7	11.11	9.38	1082
Forest Labs	FRX	36.00	31.63	35.00	-1.13	-3.11	40.75	12.25	-.07	-.35	-1.23	-34.39	.48	-.04 Q	-7.6	135.0	13.4	72.9	.00	.0	01-14-83	18.6	2.5	3.7	.37	3.03	0383
ICN Pharm	ICN	10.63	7.63	8.75	-1.88	-17.65	15.25	6.13	-.72	-1.91	.19	-2.16	.42	-.18 S	-39.1	124.0	7.8	31.3	.00	.0	00-00-00	38.7	3.0	1.8	.65	3.81	1182
Key Pharm	KPH	31.63	27.13	30.13	-1.50	-4.74	38.88	23.00	-.78	1.04	1.88	18.50	.51	.27 S	81.8	172.0	14.9	50.2	.22	.7	09-12-83	82.3	12.3	1.6	.04	1.70	1282
Lilly Eli Co	LLY	65.75	61.25	65.75	3.50	5.62	67.50	54.50	.04	.25	1.05	-20.09	5.42	.28 S	5.2	12.0	13.9	11.8	2.90	4.4	08-09-83	2962.7	411.8	1.9	.65	27.10	1282
Lee Pharm	LPH	2.75	2.50	2.63	.00	.00	4.38	2.00	-.59	.63	1.05	10.29	-.65	.72 N	NE	-132.0	-12.6	NE	.00	.0	00-00-00	10.3	-1.3	1.9	.46	1.98	0982
Marion Labs	MKC	48.00	40.75	46.13	5.13	12.50	48.00	19.75	.71	.92	4.06	-1.10	.78	.28 F	56.0	4.0	8.2	59.1	.32	.7	09-14-83	181.2	14.8	1.8	.64	4.25	0682
Merck & Co	MRK	103.50	95.13	102.88	8.00	8.43	103.50	78.50	.17	.30	.41	1.31	5.61	.44 S	8.1	9.0	13.6	17.6	2.80	2.7	08-29-83	3063.0	415.1	2.1	4.56	29.81	1282
Morton Thiokol	MTI	80.50	72.38	80.50	5.50	7.33	80.50	45.13	.33	1.76	.24	52.02	5.15	1.55 F	43.0	12.0	5.2	15.6	1.60	2.0	08-25-83	1509.2	78.5	1.4	8.90	32.79	0683
Newport Ph	NWPH	9.25	7.88	8.50	-.88	-9.33	11.38	5.25	-.83	.04	-4.08	-22.97	-.03	.01 Q	NE	56.0	-3.4	NE	.00	.0	00-00-00	8.8	-.3	3.7	.24	1.12	0483
Pfizer Inc	PFE	44.50	39.50	43.75	2.75	6.71	44.75	33.00	.43	.68	1.77	5.15	2.13	.41 S	20.8	14.0	9.6	18.4	1.16	2.7	07-01-83	3453.6	332.8	2.0	3.37	12.82	1282
Reid Prov Labs	REID	3.50	3.00	3.13	-.38	-10.71	6.09	1.19	-.69	-3.55	.45	41.67	.09	.03 F	50.0	47.0	5.3	34.7	.05	1.6	12-09-83	11.4	.6	5.3	.02	.72	0682
Robins, AH	RAH	29.38	27.75	28.88	1.00	3.59	29.38	15.88	.48	-.73	-.64	17.03	1.98	.47 S	25.9	19.0	10.1	12.7	.68	2.4	08-18-83	482.3	48.7	4.0	1.50	13.29	1282
Rorer Group	ROR	28.00	27.00	27.50	.50	1.85	31.13	21.25	-.06	-.44	1.33	-29.59	1.82	.07 S	3.9	12.0	9.0	14.9	1.04	3.8	08-04-83	402.4	36.3	2.1	1.13	9.54	1282
Scherer RP Co	SCHC	19.63	18.50	19.50	.00	.00	29.63	16.13	-.21	-.51	-.08	1.16	1.13	-.04 Q	-3.8	8.0	5.2	19.7	.30	1.5	09-07-83	169.7	8.8	2.5	4.57	10.88	0383
Searle, GD	SRL	54.25	47.88	52.50	-.88	-1.64	55.88	34.75	-.31	.68	.43	-52.00	2.77	-.27 S	-10.1	27.0	13.5	22.1	.52	1.0	08-09-83	1036.9	140.4	2.2	4.10	13.32	1282
Squibb Corp	SQB	55.63	50.75	55.63	3.38	6.46	55.63	38.25	.51	.95	1.40	22.26	3.01	1.81 S	141.4	2.0	9.2	18.0	1.34	2.4	08-15-83	1660.8	153.6	2.3	6.54	21.29	1282
Sterling Drug	STY	29.13	25.25	29.00	3.38	13.17	29.63	21.75	.19	.93	4.10	1.72	2.17	-.02 S	-.9	9.0	7.3	13.4	1.12	3.9	08-11-83	1796.2	132.0	2.8	1.19	14.16	1282
Syntex Corp	SYN	61.50	54.88	60.13	5.13	9.32	62.50	44.13	.40	-.07	2.59	-1.04	4.30	.45 F	11.6	47.0	17.2	14.0	1.40	2.3	08-15-83	870.2	149.3	2.2	1.11	17.03	0782
Thompson Med	TM	26.00	22.63	26.00	3.13	13.66	26.00	6.84	.10	.87	-.48	7.63	1.16	.34 S	32.0	69.0	12.7	18.6	.28	1.1	09-26-83	91.0	11.6	4.5	.00	4.53	1182
Upjohn Co	UPJ	62.00	56.75	61.75	5.25	9.29	68.75	42.75	.50	.60	1.60	-19.92	4.18	-.93 S	-17.3	4.0	6.9	13.9	2.28	3.7	09-30-83	1828.7	126.0	2.0	15.26	32.19	1282
Warner-Lambrt	WLA	31.38	28.38	31.25	1.88	6.38	35.00	25.75	.22	.72	-3.53	-4.16	2.05	.20 S	10.1	-4.0	5.0	14.3	1.40	4.5	08-01-83	3246.0	163.2	2.1	8.51	17.28	1282

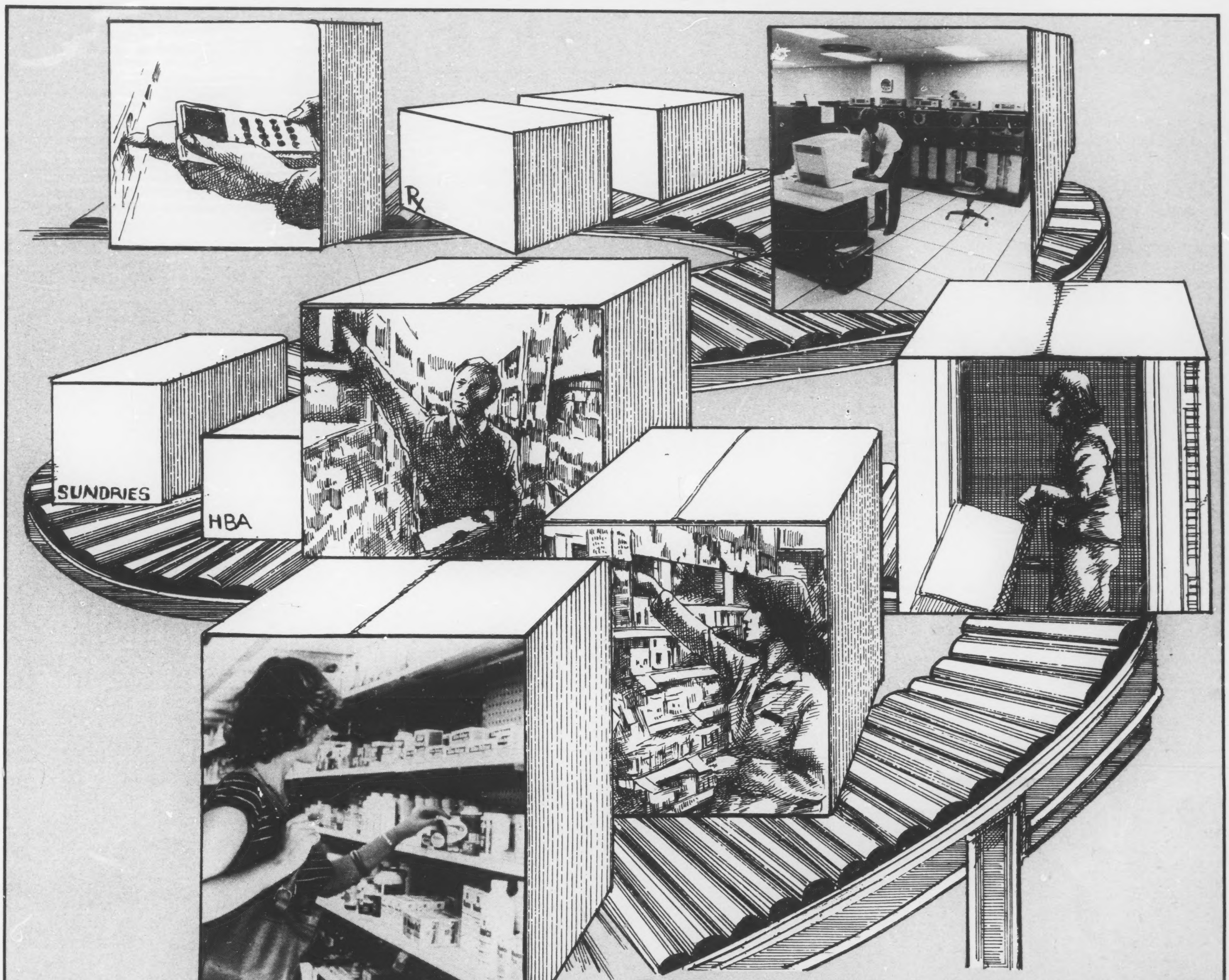
KEY: NA — Not Applicable NC — Not Calculable NE — Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year

*** — Other than a quarterly multiple resulting from a fiscal year change.**

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA

Special report:

DRUG WHOLESALERS



The buying, storing and shipping of health-related merchandise is still the key mission of the wholesale drug industry. However, as this illustration depicts, new equipment, new customers and new products are rapidly changing the way wholesalers go about their business.

Computers, hospitals spur growth in '83

By Allen Mundth

Product, performance and productivity—the three P's—are the focus of the nation's drug wholesaling industry this year as members strive to top near record results reported in 1982.

Indeed, as the National Wholesale Druggist Association's 1982 operating survey indicates, America's drug wholesalers "have come a long way during the past five years." It was just six years ago that the association's chairman warned members that "adequate profitability continues to elude the drug wholesale industry."

Like many of its key financial indicators, the levels of optimism, enthusiasm and pride in the drug wholesaling community have reached all time highs. Why? The numbers speak for themselves:

- Estimated sales of all United States drug wholesalers grew an estimated 18.6% to $10.2 billion in 1982; NWDA members accounted for all but $1.2 billion of the total.
- Operating expenses as a per cent of gross profit dropped to 74.39%, while overall expenses dropped to 7.79%.
- Average return on investment topped an industry goal of 15% for the first time ever.
- An unprecedented 14.2% return on net worth put drug wholesalers even closer to the average returns achieved by most of their suppliers, and
- Net profit, which had sunk to below 1% in the mid-1970's, continued its gradual ascent, settling at 1.41% in 1982.

Subtle changes

While the blend of customers serviced by America's drug wholesalers remained stable last year, certain distinctions reflect subtle changes in the overall delivery of health care products and services to United States consumers.

While retail drug stores, primarily independents and small chains, still account for the bulk (56.1%) of all wholesaler revenues, the long term decline of this market segment continued in 1982. In 1981, 57% of all sales were to retail customers. Sales to retail drug stores increased 17% last year, compared to the 18.6% sales increase overall. Sales by wholesalers to chain drug warehouses and mass merchandisers also dipped last year, with chain drug stores accounting for 3.4% of all revenues.

The most significant change in the wholesalers' customer mix involves hospital and institutional customers, which accounted for 15.6% of all sales in 1982, compared to 14.1% in 1981. Rapid growth of this segment, which offers wholesalers comparatively lower gross margins, was cited for a slight drop, from 2.74% in 1981 to 2.68%, in operating profit margins.

Pharmaceutical, toiletry and sundry products continued to pace the overall product mix offered by both general line and specialized wholesalers. However, sales of proprietary goods sunk to 15.5% of total sales, believed to be a 10-year low.

Gradual recovery

Revitalization of the wholesale drug industry has been gradual, triggered by the realization more than a half decade ago that significant changes, in systems, services and product selection, were needed to ensure long term viability.

As the various articles in this special

Continued on page 62

Inside Special Report

62 • Wholesalers get grades from independents

64 • Only stronger wholesalers expected to survive

65 • Voluntary chains favored for private label programs

66 • Retail services keep independents alive

67 • Individual company profiles